

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
OAKLAND DIVISION

11 FRESENIUS MEDICAL CARE HOLDINGS,  
12 INC., a New York corporation; and FRESENIUS  
13 USA, INC., a Massachusetts corporation,

Plaintiffs and Counterdefendants,

14 v.

15 BAXTER INTERNATIONAL, INC., a Delaware  
16 corporation; and BAXTER HEALTHCARE  
CORPORATION, a Delaware corporation,

Defendants and Counterclaimants.

Case No. C 03-01431 SBA (EDL)

**ORDER DENYING  
BAXTER'S MOTION TO STRIKE  
FRESENIUS' FINAL INVALIDITY  
CONTENTIONS**

19 This matter is before the Court on the motion of Defendants Baxter International, Inc. and  
20 Baxter Healthcare Corporation (collectively, "Baxter") for an order to strike the Final Invalidity  
21 Contentions filed by Plaintiffs Fresenius Medical Care Holdings, Inc. and Fresenius USA, Inc.  
22 (collectively, "Fresenius"). Having considered all arguments submitted by the parties, the Court  
23 hereby **DENIES** Baxter's Motion to Strike Fresenius' Final Invalidity Contentions.

**FACTUAL BACKGROUND**

25 On November 24, 2003, Fresenius served its Preliminary Invalidity Contentions pursuant to  
26 Patent Local Rule 3-3. On February 27, 2004, pursuant to the Order of Magistrate Judge LaPorte,  
27 Baxter served its Fourth Supplemental Patent Local Rule 3-1 Initial Disclosures. On November 22,  
2004, this Court issued its Order regarding claim construction. On December 28, 2004, Baxter

1 served its Final Infringement Contentions pursuant to Patent Local Rule 3-6(a). On January 18,  
 2 2005, Fresenius served its FICs pursuant to Patent Local Rule 3-6(b).

3 **DISCUSSION**

4 Patent Local Rule 3-6(b) permits the party opposing a claim of patent infringement to serve  
 5 Final Invalidity Contentions as of right and without leave of Court under either of two conditions:

6 Each party's "Preliminary Infringement Contentions" and "Preliminary Invalidity  
 7 Contentions" shall be deemed to be that party's final contentions, **except as set forth  
 below.**

8 . . .  
 9 (b) Not later than 50 days after service by the Court of its Claim Construction  
 10 Ruling, each party opposing a claim of patent infringement may serve "Final Invalidity  
 Contentions" without leave of court that amend its "Preliminary Invalidity  
 Contentions" with respect to the information required by Patent L.R. 3-3 if:  
 11 (1) a party claiming patent infringement has served "Final  
 Infringement Contentions" pursuant to Patent L.R. 3-6(a), or  
 12 (2) the party opposing a claim of patent infringement believes in good  
 faith that the Court's Claim Construction Ruling so requires.

13  
 14 Patent Local Rule 3-6(b) (emphasis added).

15 There is no dispute that Baxter served Final Infringement Contentions pursuant to Patent  
 16 L.R. 3-6(a) on December 28, 2004. (See Miller Decl., Ex. E). Accordingly, pursuant to Patent  
 17 Local Rule 3-6(b)(1), Fresenius was permitted to serve Final Invalidity Contentions that amend its  
 18 Preliminary Invalidity Contentions without leave of Court. Fresenius' complied with the Patent  
 19 Local Rules in amending its Preliminary Invalidity Contentions.

20 Despite the clear language of the Patent Local Rules, Baxter contends that Fresenius' Final  
 21 Invalidity Contentions are improper because they add numerous prior art references and several  
 22 theories of invalidity not disclosed in Fresenius' Preliminary Invalidity Contentions. Baxter appears  
 23 to contend that the Patent Local Rules should be read to require that any changes to a party's Final  
 24 Invalidity Contentions must be made in "good faith" and must be "related to" changes made by the  
 25 patentee to its Final Infringement Contentions. No such requirements are expressed by the words of  
 26 L.R. 3-6(b) and this Court finds no merit in Baxter's contention that such requirements should be  
 27 read into the Patent Local Rules. *Hallstrom v. Tillamook County*, 493 U.S. 20, 31 (1989) (quoting  
 28 *Mohasco Corp. v. Silver*, 447 U.S. 807, 826 (1980)) ("[I]n the long run, experience teaches that

1 strict adherence to the procedural requirements specified by the legislature is the best guarantee of  
 2 evenhanded administration of the law.””). To read such subjective requirements into the Patent  
 3 Local Rules would cause an expansion of the type of motion practice that these Rules were intended  
 4 to curtail.

5 Baxter’s reliance on *IXYS Corp. v. Advanced Power Tech.*, 2004 WL 1368860 (N.D. Cal.  
 6 2004) is unavailing. Notably, in that case the Court permitted the defendant to amend its Final  
 7 Invalidity Contentions, pursuant to Patent L.R. 3-7, during expert discovery and just three weeks  
 8 before the patentee’s rebuttal expert report regarding invalidity was due. Patent L.R. 3-7 is not at  
 9 issue in this case. Moreover, even if prejudice to Baxter were a valid consideration under Patent  
 10 Local Rule 3-6(b), and it is not, Baxter has not demonstrated that it will suffer any prejudice as a  
 11 result of Fresenius’ amendment of its Preliminary Invalidity Contentions. Unlike the disputed  
 12 amendments in *IXYS*, the amendments here do not come at the “eleventh hour,” but come in plenty  
 13 of time to permit Baxter to conduct both fact and expert discovery.

14 The Court also rejects Baxter’s invitation to use the Patent Local Rules to preclude the fact  
 15 finder from hearing of the prior art Fresenius contends invalidates the asserted claims of Baxter’s  
 16 patents. The Patent Local Rules recognize and enforce the truism that patentees who seek broad  
 17 claim constructions to argue for infringement may see their claims invalidated in view of the prior  
 18 art. *See Mobil Oil Corp. v. Filtrol Corp.*, 501 F.2d 282, 284 (9th Cir. 1974) (It is a “well-known  
 19 principle of patent law that where claims are close to the prior art, often they cannot be construed  
 20 broadly enough to be infringed without also being so broad as to be invalid.”). Here, Fresenius  
 21 argues: (1) that the Court’s claim construction Order by itself necessitated the service Final  
 22 Invalidity Contentions under PLR 3-6(b)(2) because it made additional prior art relevant to the  
 23 invalidity of the asserted claims, and (2) that Baxter, in arguing for summary judgment of  
 24 infringement, has taken a view of the scope of its asserted claims that is broader than that supported  
 25 by the Court’s claim construction, thereby further expanding the pool of relevant prior art.  
 26 Fresenius, in accord with the strong public interest in eliminating invalid patents, was well within its  
 27 rights to continue to search for additional prior art before serving its Final Invalidity Contentions.

28 *Nestier Corp. v. Menasha Corp.-Lewisystems Div.*, 739 F.2d 1576, 1581 (Fed.Cir.1984) (“There is a

1 stronger public interest in the elimination of invalid patents than in the affirmation of a patent as  
 2 valid.”). Counsel for Fresenius has represented to the Court that “the vast majority of the ‘newly’  
 3 cited references were identified by Fresenius’ counsel during the period from December 2004 to  
 4 mid-January 2005. (Miller Decl., ¶ 4). Thus, this is not “litigation by ambush” as Baxter contends,  
 5 but instead is the conduct contemplated by the Patent Local Rules. The Court therefore **DENIES**  
 6 Baxter’s motion to strike Fresenius’ Final Invalidity Contentions.

7 Dated: 8-24-05

8 Hon. Saundra Armstrong  
 9 United States District Court Judge

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